# Medicare 103

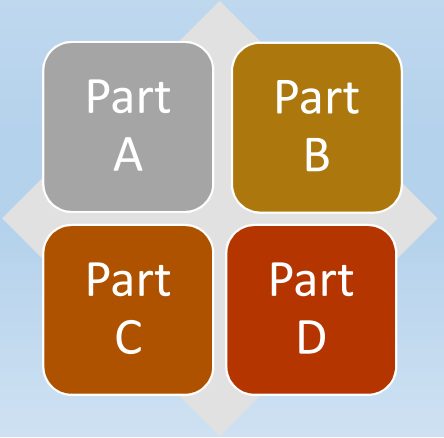
Medicare Recap/Review Summary 2020

# Medicare Overview

- **Medicare** is a government health insurance program created for
  - people age 65 or older
  - people under age 65 with certain disabilities
  - people of all ages with End Stage Renal Disease (ESRD) and some of the permanently disabled

- **Center for Medicare and Medicaid Services** (CMS) is the government body that regulates the Medicare program, Medicare beneficiaries, and the health carriers who offer the various forms of Medicare health care coverage

- **Medicare** program has four parts to the plan:
  - Part A – Coverage for inpatient hospital care
  - Part B – Coverage for doctor services and outpatient hospital care
  - Part C – Privatized coverage that replaces Parts A and B
  - Part D – Privatized prescription drug coverage



# What is Medicare?

**Medicare is a federal health insurance program administered by the Centers for Medicare & Medicaid Services (CMS).**

**Who is eligible for Medicare?**

- 65 years of age or older
- Under 65 years of age with certain disabilities
- Of all ages with End Stage Renal Disease
- US citizen **OR** a legal resident who has lived in the US for at least five consecutive years

**What are some of the costs associated with Medicare?**

You may pay a portion of the cost through:

- Premiums
- Deductibles
- Copays
- Coinsurance

# Medicare Overview

**Original Medicare**

**Part A – Coverage for inpatient hospital care, skilled nursing, hospice, home health**

- High Deductible ($1,364) per benefit period
- Copays / Coinsurance owed after deductible

**Part B – Coverage for doctor services and outpatient hospital care**

- $185 Deductible
- 20% Coinsurance – no stop loss
- 10% Penalty per 12 month period that delayed enrollment in Part B (rules apply to avoid penalty)

**Medicare Part C – Medicare Advantage Plans**

- Replaces Original Medicare card
- Comprehensive Medical coverage offered by private insurance companies
  - some include Rx – called MA-PD Plans

# Medicare Overview

- **Medicare Part D – Prescription Drug Plan (PDP)**
  - Privatized prescription drug coverage: makes it easier for Medicare beneficiaries to obtain prescription drug coverage from health carriers through a variety of product offerings
  - 1% penalty per month of delayed enrollment (rules apply to avoid penalty)

- **Medigap – Medicare Supplement**
  - Secondary insurance that supplements Original Medicare
  - Sold by private insurance companies
  - Cover the gaps of Part A and/or Part B
  - Does not include prescription drug coverage

# Enrollment Periods

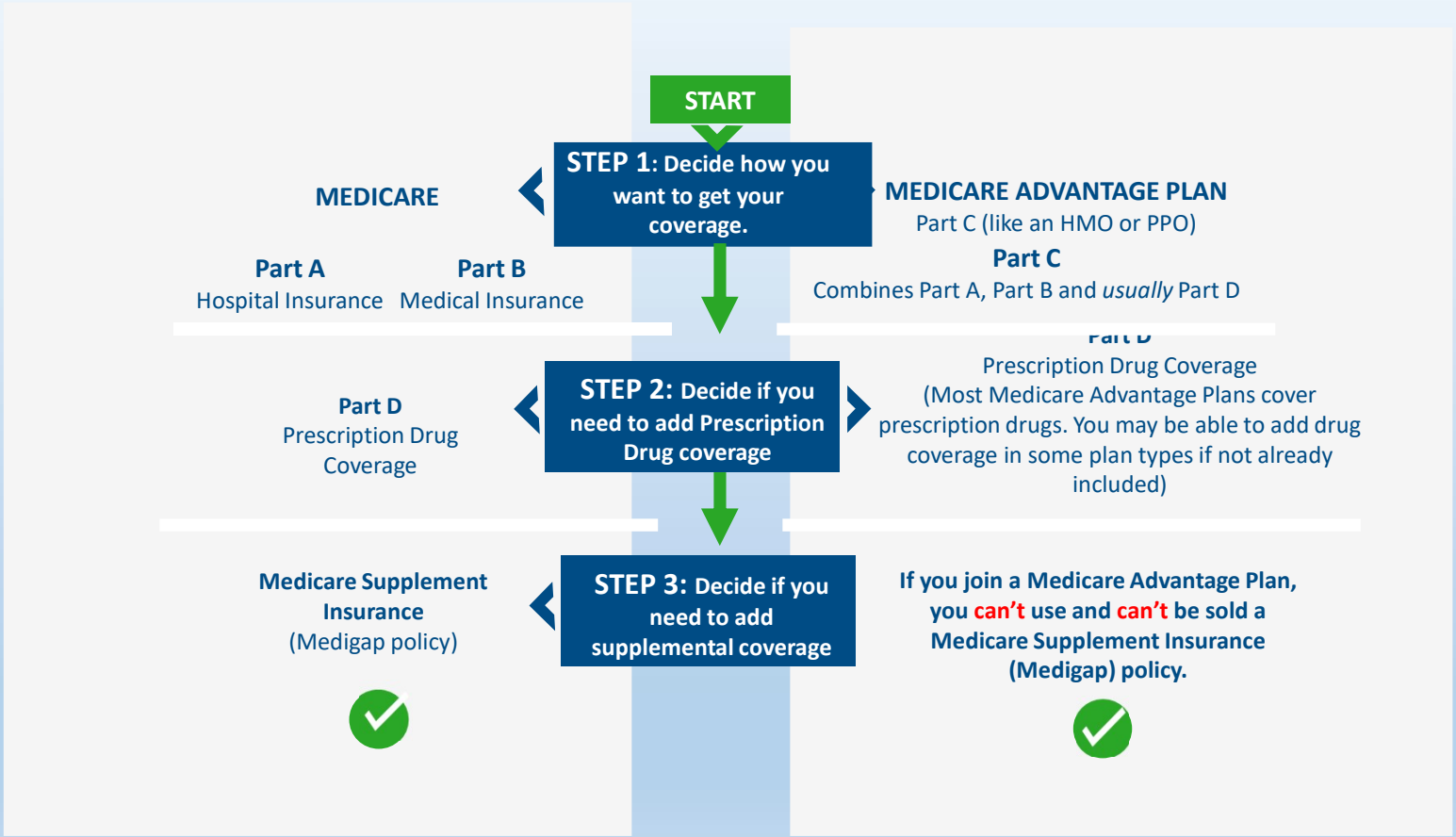
## CMS Created Numerous Enrollment Periods for Advantage and Part D Plans

- **ICEP (Initial Coverage Enrollment Period)** – Seven month period
  - Three months before first month of eligibility
  - The month of eligibility
  - Three months after first month of eligibility

- **AEP (Annual Enrollment Period)** – October 15th through December 7th
  - Join, Switch, or Drop
  - Last plan in (in most cases)
  - January 1st effective date

- **SEP (Special Election Periods)** – Situations outside of the ICEP or AEP ("Lock in") when certain Medicare beneficiaries can enroll in an MA or Part D plan
  - Moving out of plan's service area
  - Losing employer group health coverage
  - Low Income Subsidy
  - Special Needs Plan eligibility
  - Numerous others

# Steps to Help You Decide which Way to get Your Coverage



# Medicare Supplement Insurance

# Medicare Supplement Insurance

- You must have both Medicare Parts A and B
- Medicare Supplement Plans are purchased from private insurance companies.
- Must pay monthly plan premiums in addition to Medicare Part B premium
- Standardized plans with various coverage options are available
- Medicare supplements pays some of the costs that Original Medicare doesn’t cover, like deductibles and coinsurance
- Original Medicare pays first then the Medicare supplement plan would pay
- You can visit any doctor, specialist or hospital that accepts Medicare patients

# Buying a Medicare Supplement Plan

- Some plans have some foreign travel coverage
- You may apply anytime if you have Medicare Parts A and Part B
- Compare the costs and benefits to select the plan that is right for you
- A guaranteed-acceptance period begins on the first day of the month in which you are both 65 or older and enrolled in Medicare Part B, and lasts for six months (Medicare Supplement Open Enrollment) –

  ***Note: There are additional situations that would qualify for guaranteed acceptance***
- If you are not eligible for guaranteed acceptance medical underwriting may apply
- If you move, you can keep your current Medicare supplement plan as long as you still have Medicare Parts A and B and pay your supplement plan premiums; however your premium may be adjusted
- Guaranteed renewable as long as premium is paid and a misrepresentation on application has not occurred

**You can apply to switch Medicare Supplement plans at anytime but may be subject to medical underwriting.**
For additional information please refer to the *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare* posted on medicare.gov: https://www.medicare.gov/Publications

# 10 Standard Medicare Supplement Plans

| Benefits | Plans Available to All Applicants | | | | | | | | Medicare first eligible before 2020 only | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | D | G | K | L | M | N | C | F |
| Medicare Part A coinsurance and hospital coverage (up to an additional 365 days after Medicare benefits are used up) | X | X | X | X | X | X | X | X | X | X |
| Medicare Part B coinsurance or copayment | X | X | X | X | 50% | 75% | X | X copays apply | X | X |
| Blood (First three pints) | X | X | X | X | 50% | 75% | X | X | X | X |
| Part A hospice care coinsurance and copayment | X | X | X | X | 50% | 75% | X | X | X | X |
| Skilled Nursing Facility coinsurance | | | X | X | 50% | 75% | X | X | X | X |
| Medicare Part A deductible | | X | X | X | 50% | 75% | 50% | X | X | X |
| Medicare Part B deductible | | | | | | | | | | X |
| Medicare Part B excess charges | | | | X | | | | | X | X |
| Foreign Travel Emergency (up to plan limits) | | | X | X | | | X | X | | x |
| Out-of-Pocket limit in [2019] | | | | | $[5,560]* | $[2,780]* | | | | |

1 - Plans F and G also have a high deductible option, which require first paying a plan deductible of $[2,300]* before the plan begins to pay. Once the plan deductible is met, the plan pays 100% of covered services for the rest of the calendar year. High deductible plan G does not cover the Medicare Part B deductible. However, high deductible plans F and G count your payment of the Medicare Part B deductible toward meeting the plan deductible.

2 - Plans K and L pay 100% of covered services for the rest of the calendar year once you meet the out-of-pocket yearly limit.

3 Plan N pays 100% of the Part B coinsurance, except for a copayment of up to $20 for some office visits and up to a $50 copayment for emergency room visits that do not result in an inpatient admission

*** = 2020 plan data and OOP thresholds haven't been released at the time of creating this doc.**

# Prescription Drug Coverage

# Is a Stand-Alone Prescription Drug Plan Right for You?

## Medicare Part D prescription drug plans (PDP)

- offered by private companies that contract with Medicare
- You may choose a stand-alone PDP if you have Original Medicare, or other coverage types that don't include prescription drugs coverage like a Medicare supplement policy.
- Plans may offer different levels of coverage
- Although Medicare requires all plans to cover medications in each drug class, the plan may not cover every medication in each class.
- When selecting a PDP it is important to consider the list of drugs covered by the plan, called the formulary or drug list.
- Compare your prescription drug needs with the plan's formulary to determine if your medications are covered.
- Make sure you are comfortable with the pharmacies available through your PDP plan.
- Make sure the plan premium, coverage and your cost share are affordable.

# Prescription Drug Coverage: How it Works

If your plan has a deductible, you pay the total cost of your drugs until you reach the deductible amount set by your plan. Then you move to the initial coverage stage. If your plan has a deductible for only specific drug tiers, you pay the total cost of your drugs on those tiers until you reach the deductible amount set by your plan. Then you move to the initial coverage stage.

| Deductible | Initial Coverage | Coverage Gap (donut hole) | Catastrophic Coverage |
|---|---|---|---|
| **You pay**: Full discounted cost of formulary drugs until you reach your yearly deductible | **You pay**: Part of the cost, as a copayment, and the plan pays its share for each covered drug until the combined amount (plus the deductible) reaches: $4020 | After your total yearly drug cost reaches $4020 | After your total covered out-of-pocket costs reaches $6,350 |
| You stay in this stage until you have paid your yearly deductible amount | **Your plan pays**: The rest of the cost. Until the combined amount (plus any deductible) reaches $4020. | **You pay**: 25% of the plan's cost for covered brand drugs and 25% for covered generic drugs<br><br>Some plans may have additional coverage in the gap.<br>You may pay a copayment/coinsurance for covered drugs | **You pay**:<br>$3.60 for generic<br>and<br>$8.95 for brand drugs,<br>or<br>5% of the total cost<br>(whichever is greater) |

Note: If you are receiving Extra Help, the coverage gap does not apply to you

Note: On January 1 of each year, the coverage cycle starts over. Medicare sets the rules about which payments count toward your out-of-pocket and total drug costs. Amounts listed reflect the 2020 plan year.

# Guide for Using Prescription Drug Benefit

- **Formulary** – A list of drugs covered by your plan
- **Drug tiers** – Each drug belongs to a tier, which determines how much you will pay for that drug
- **Network** – The pharmacy options you have for getting your prescription drugs
- **Transition Process** – You may be able to get a one-time fill of a drug that is not covered on the formulary

## **Your Plan May Also Have Drug Coverage Rules**

- **Prior authorization (PA)** – Prior authorization is a coverage rule in place for some drugs. IF a drug has a PA, your doctor must first show it's medically necessary for you to have the drug before the plan will cover it.
- **Quantity limits** – Limits on how much you can get at a time.
- **Step Therapy (ST)** – Step Therapy is a coverage rule in place for some drugs. If a drug has an ST, you must first try another drug on the plan's formulary before you can move up a "step" to a more expensive drug.

## Pharmacy Network

**If you choose a plan with prescription drug coverage:**

- Most plans use “Network Pharmacies”
- Plans may also have preferred pharmacies that offer prescription at a cost savings
- Network pharmacy may include local, independent pharmacies as well as national retail pharmacies

Note: Pharmacies that offer preferred cost sharing may not be available on all plans. Refer to the plan Summary of Benefits for more information or ask your health plan representative. The formulary and pharmacy network may change at any time.

## What is the Medicare Part D Late Enrollment Penalty?

**The late enrollment penalty is a fee that may be added to your Part D premium if you don't have creditable prescription drug coverage.**

This penalty may apply if you don't have creditable coverage when:

- Your initial enrollment period is over.
- There's a period of 63 days or more in a row when you don't have Part D or other creditable prescription drug coverage.

Note: If you get Extra Help, you don't pay a late enrollment penalty

# Medicare Advantage

## Are You Eligible?

**You may join a Medicare Advantage plan if you:**

- Are entitled to Medicare Part A and enrolled in Part B
- Live in the plan's service area
- Continue to pay Part B premiums (if not paid for by Medicaid or another party)
- Don't have End Stage Renal Disease and are not currently undergoing a regular course of dialysis. (Exceptions may apply)

# More About Part C – Medicare Advantage Plans

**Medicare Advantage Plans are offered in several forms:**

- HMO (Health Maintenance Organization)
- PPO (Preferred Provider Organization)
- SNP (Special Needs Plan)
- PFFS (Private Fee-for-Service)
- MSA (Medicare Savings Account)
- HMOPOS (Health Maintenance Organization Point-of-Service)

Medicare Part D prescription drug coverage may be included in some Medicare Advantage plans. All plans must meet minimum coverage level set by CMS.

**Today will discuss:**

- HMO (Health Maintenance Organization)
- PPO (Preferred Provider Organization)
- SNP (Special Needs Plan)

# What are Medicare Advantage (MA) Health Plans?

- Coverage provided by private insurance companies approved by Medicare
- The plans provide Medicare beneficiaries a choice in how they receive Medicare coverage
- MA plans are not Medicare supplement insurance plans
- Plans must offer all benefits of Original Medicare and can include Part D prescription drug coverage
- All plans offer maximum out-of-pocket protections
- MA plans may include emergency coverage when traveling outside the US
- Medicare Advantage plans must be reviewed and approved annually by the Center for Medicare & Medicaid Services (CMS)
- When enrolling in an MA plan, individuals still have Original Medicare. By choosing an MA plan individuals are allowing a private company to administer their benefits instead of the federal government.

# Choosing a Medicare health plan

**When Choosing a Medicare health plan, it is important to consider your health care needs as well as your budget.**

1. Are you looking for a particular doctor, clinic or hospital?
2. Do you take any prescription drugs?
3. Do you expect your finances to remain the same or do you foresee changes?
4. How important are vision, hearing or dental benefits?
5. Do you plan to travel?
6. Are you interested in wellness programs?
7. If available, should I consider a Special Needs Plans that is designed for a specific condition?

**Different situations may affect your decision when choosing a health plan option.**

- If covered by a current or previous employer
- If you are currently on a Medicare health plan
- If you have questions regarding Medicare plan options or how to join a Medicare plan

# HMO versus PPO Plans

## HMO (Health Maintenance Organization)

- *Defined network of providers*
- *Primary care physician (PCP) coordinates all of your care*
- *You may have to receive a referral from your PCP to see a specialist*
- *In most cases, you must use network providers for all scheduled care; there is no coverage for out-of-network care, except for emergency or out-of-area urgent care*
- *Out-of-pocket costs may be significantly lower than Original Medicare*

## PPO (Preferred Provider Organization)

- *Defined network of providers*
- *Flexibility to use providers who aren't part of the network*
- *Out-of-pocket costs may increase significantly when you use out-of-network providers, facilities or labs, except for emergency care**
- *You may save money when you use network providers because the plan pays a larger share of the cost*

***In some cases, the costs are the same in and out of network**

# For Those Who Have Special Needs

**Special Needs Plans (SNPs) are designed for people in one or more of these situations:**

- Have both Medicare and Medicaid
- Have chronic conditions like congestive heart failure, diabetes, etc.
  - Additional benefits tailored to members with certain chronic conditions
  - Enhanced care management services
- Institutional plans for those living in a nursing home

***Note: Plans may only be available in certain service areas***

**Do you qualify?**

- If you're eligible for both Medicare and Medicaid, special benefits and services may be available to you through Dual Eligible Special Needs Plans (SNP)
- If you're eligible and choose to enroll in a cost-share protected Dual Eligible SNP, you will not be responsible for paying any premiums, deductibles, coinsurance or copayments associated with this plan's medical services

**In-Network Providers**

Insurance companies can not guarantee that your provider is in or will remain part of a plan network.

To determine whether your provider accepts your Medicare Advantage plan:

- Talk to a health plan representative
- Visit the health plan website

# Medicare Advantage

**Important Things To Know About Medicare Advantage:**

- **You must continue to pay your Medicare Part B premium.** Medicare then gives your premium to your Medicare Advantage plan to help pay for your additional coverage.

- **Joining a Medicare Advantage plan may affect your current coverage.** If you have existing coverage or employer-provided health insurance and plan to work past age 65, check to see how joining a Medicare Advantage plan could affect or cancel your current coverage.

- **Use network providers.** Use of network health care and pharmacy providers is typically required. Using providers outside of the network may cost you more. In an emergency, you can use any provider.

- **Financial assistance.** Depending on your financial situation, you may qualify for help paying your plan premiums or Part D medications (low-income subsidy/Extra Help).

- **Part D late-enrollment penalty.** This is an additional amount that will be added to your Part D premium if you go without Part D coverage for longer than 63 days in a row after your Initial Enrollment Period. Medicare Advantage plans that include Part D coverage meet Medicare coverage requirements.

# Medicare Advantage

**Important Things To Know About Medicare Advantage: (*continued*)**

- **A Medicare supplement (Medigap policy) plan is not a Medicare Advantage plan.** Medicare supplement plans are health insurance policies and are secondary to Original Medicare. Medicare Advantage plans combine Original Medicare Parts A and B, and sometimes Part D, into a single plan.

- **You must use your member ID card.** Members must present their member ID card, not their Original Medicare card, when receiving services.

- **Medicare Advantage protections.** Even though Medicare Advantage plans are privately administered, you still have the same rights and protections as with Original Medicare.

- **Medicare Advantage has you covered.** Medicare Advantage plans must cover all the services that Original Medicare covers and may offer additional benefits. Important: Hospice care is still covered under Original Medicare.

- **A built-in financial safety net**. Your plan's annual out-of-pocket maximum is your safety net that assures you'll never pay more than a certain amount out-of-pocket in a given plan year for covered medical services.

# Need Help with Your Medicare Costs?

## You May Qualify.

**You may qualify for Extra Help if you have limited income and resources. Extra Help is a Medicare program that helps pay some Medicare prescription drug costs, such as:**

- Monthly plan premium
- Yearly deductible
- Coinsurance
- Copayments
- Coverage gap

**To see if you qualify:**

**Call 1-800- MEDICARE (1-800-633-4227)**
(TTY: 1-877-486-2048),
24 hours a day/7 days a week

**Or Call Social Security at 1-800-772-1213**
(TTY: 1800-325-0778),
7 a.m. to 7 p.m.

**Additional Resources:**

Additional sources of information for you, your clients, and all Medicare beneficiaries

- Medicare www.medicare.gov
- Social Security Administration (LIS/Extra Help) www.ssa.gov/prescriptionhelp/
- CMS Marketing Website: www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/FinalPartCMarketingGuidelines.html
- CMS PFFS Addendum: Model Language for Sales Presentation www.cms.gov/PrivateFeeforServicePlans/

# QUESTIONS?


THANK YOU